



# Mashcole Property Management

Volume 3, Issue 11

November, 2017

4764 Park Granada, Suite 200  
Calabasas CA 91302

(818) 888-8052 Ext. 1101  
www.mashcole.com

### Special points of interest:

- Mashcole Opens a New Satellite Office!
- Benefits of Mashcole Due Diligence— FREE!
- 1031 Exchanges

## Did You Know?

We will pay you the first full month of management fee as a thank you for your referral. Contact Joel at 818-888-8052 Ext. 1101 or email at [Joel@mashcole.com](mailto:Joel@mashcole.com)

**We Thank You For Your Business**  
[www.mashcole.com](http://www.mashcole.com)

## Mashcole Opens New Satellite Office!

We are proud to announce that our new Long Beach satellite office is now open! 5 years ago, Mashcole managed approximately 800 units. By the end of this year we will reach approximately 4800 units, and this new office, located at 1700 E. Ocean in Long Beach, was

opened to help us accommodate that growth. We added the ocean view just because we love California!



## Mashcole's Free Services and Reports!

Buying apartment communities is not an easy task. What looks good from the outside, might not be the best investment once you get under the hood. Let Mashcole Property Management help you with our Due Diligence process to not only determine whether your potential investment is what it seems, but also help you know what might need to be addressed, either out of necessity or simply to increase value, so you can budget accordingly. Here's how we can assist on the front end for your future acquisitions. During the DD period we would help as follows:

1. Lease audit – summary of any discrepancies that exist between the rent roll and leases that would need to be reconciled by the seller.
2. Unit by unit summary – this is a summary that is taken off of a checklist used by my team performing the unit by unit inspection. This should not be construed as a unit interior budget but more as an idea of the current condition of the interiors.



3. Capital Improvement/Immediate Needs and Deferred Needs – this is a summary of the reports provided by the contractors present at the inspection. This is not a capital improvement budget but more an outline of immediate and deferred capital needs at the asset. These inspections would typically include roofer, deck contractor, termite, iron, landscape, pool (if necessary), electrical, plumbing, HVAC etc. We can get any trade necessary present.

4. Market Survey – we will prepare a market survey on your behalf.
5. Operating Budget – with the assistance of a broker OM and historical data we will prepare an operating budget for the subject asset.

The above inspection and reports are performed and offered free of charge, provided we will be managing the asset on your behalf. With years of experience under our belts, and the proven effectiveness of our process, we can help you better help yourselves!

# Let the Mashcole Method Make You Money!



Many owners obtain the services of Mashcole Property Management to manage their assets as long term holds. In addition, a good portion of our owners engage in tax-deferred exchanges, allowing them to defer capital gain taxes as well as facilitate significant portfolio growth and increased return on investment.

Thanks to IRC Section 1031, a properly structured 1031 exchange allows an investor to sell a property, to reinvest the proceeds in a new property and to defer all capital gain taxes. IRC Section 1031 (a)(1) states:

*“No gain or loss shall be recognized on the exchange of property held for productive use in a trade or business or for investment, if such property is exchanged solely for property of like-kind which is to be held either for productive use in a trade or business or for investment.”*

This is where Mashcole excels. In our current portfolio, there are about 620 new units currently being purchased by our owners, and about 350 units currently being sold, the majority of those units all part of 1031 exchanges. For each of those 350 units going out, Mashcole has increased the value an average of about \$50,000 per unit. That’s \$17.5 million dollars we have assisted investors in earning, tax-deferred. Through use of the Mashcole Method, which can be explored in more detail at [www.mashcole.com](http://www.mashcole.com), we have developed the tools to help owners maximize the value of their investment portfolios, over and over and over again.

To understand the powerful protection a 1031 exchange offers, consider the following example:

\* Assume an investor has \$400,000 in gain and also \$400,000 in net proceeds after closing. Assuming an

investor with a \$400,000 capital gain and incurs a tax liability of approximately \$140,000 in combined taxes

(depreciation recapture, federal capital gain tax, state capital gain tax, and net investment income tax) when the property is sold. Only \$260,000 in net equity remains to reinvest in another property.

\* Assuming a 25% down payment and taking on new financing for the purchase with a 75% loan-to-value



ratio, the investor would only be able to purchase a \$1,040,000 replacement property.

\* If the same investor chose to exchange, however, he or she would be able to reinvest the entire gross equity of \$400,000 in the purchase of \$1,600,000 replacement property, assuming the same down payment and loan-to-value ratios.

As the above example demonstrates, Do it right, and there is no tax. You change the form of your investment without cashing out or paying tax. And like a 401(k), that allows it to continue to grow tax-deferred.

-Except from Apixexchange.com